GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5057
ANSWERED ON:11.05.2007
FORMATION OF BANKING CODE
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India in Feb. 2006 formed the Banking Codes and Standards Board of India (BCSBI) with an aim to evaluate, supervise and enforce observance of the code by banks;

(b) if so, whether the commercial banks continue to violate the Reserve Bank of India norms in regard to acknowledgement of cheques;

(c) whether some banks charging Rs. 10 for acknowledging cheques at counters; and

(d) if so, the details thereof and steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRIPAWAN KUMAR BANSAL)

(a) : Yes, Sir. The Reserve Bank of India (RBI) together with 11 other banks in India has set up the Banking Codes and Standards Board of India (BCSBI) in February 2006 to monitor and ensure that banking codes and standards voluntarily adopted by banks are adhered to, in letter and spirit, while providing services to individual customers.

(b) to (d) : No such instance has been reported by RBI in this regard.Banks have been allowed to fix the service charges for various types of services rendered by them, with the approval of their Board of Directors, with effect from September, 1999. However, RBI has advised banks that while fixing service charges for various type of services provided by them, they should ensure that charges are reasonable and not out of line with the average cost of providing these services. Further, banks have also been advised to ensure that the customers with low volume of activities are not penalized. In case of any violation of extant guidelines of RBI by a bank, appropriate regulatory action is taken by RBI.